

**REPORT OF THE AUDIT OF THE
BOYD COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2009**



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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable William C. Stevens, Boyd County Judge/Executive

Members of the Boyd County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statements of the governmental activities, and each major fund of Boyd County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Tichenor & Associates, LLP, to perform the audit of these financial statements. We worked closely with the firm during our report review process; Tichenor & Associates, LLP, evaluated the Boyd County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Crit Luallen".

Crit Luallen

Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOYD COUNTY FISCAL COURT

June 30, 2009

Tichenor & Associates, LLP, has completed the audit of the Boyd County Fiscal Court for the fiscal year ended June 30, 2009. We have issued unqualified opinions on the governmental activities, business-type activities, and each major fund of Boyd County, Kentucky.

Financial Condition:

The fiscal court had total net assets of \$14,610,555 as of June 30, 2009. The fiscal court had unrestricted net assets of \$6,534,335 in its governmental activities as of June 30, 2009 with total net assets of \$14,435,533. In its business-type activities, total net cash and cash equivalents was \$881,445 with total net assets of \$175,022. The fiscal court had total debt principal as of June 30, 2009 of \$45,918,712, with \$1,610,794 due within the next year.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities.

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To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable William C. Stevens, Boyd County Judge/Executive

Members of the Boyd County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Boyd County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Boyd County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Boyd County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Boyd County, Kentucky, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting as described in Note 1.

The county has chosen not to present the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of budgetary comparison information. However, we did not audit the information and express no opinion on it.

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable William C. Stevens, Boyd County Judge/Executive
Members of the Boyd County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2010 on our consideration of Boyd County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Certified Public Accountants

February 17, 2010

BOYD COUNTY OFFICIALS

For The Year Ended June 30, 2009

Fiscal Court Members:

William C. Stevens	County Judge/Executive
Marvin Meredith	Commissioner
David Salisbury	Commissioner
Carl Tolliver	Commissioner

Other Elected Officials:

Phillip Hedrick	County Attorney
Joe Burchett	Jailer
Debbie Jones	County Clerk
Linda Baker	Circuit Court Clerk
Terry Keelin	Sheriff
Charles Adkins	Property Valuation Administrator
Christopher Stewart	Coroner

Appointed Personnel:

Billie Zellers	County Treasurer
Angie Durham	Payroll Administrator
Missy Miller	Occupational Tax Collector
Patricia Leach	Finance Officer

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BOYD COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

BOYD COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

ASSETS	Governmental Activities	Business-Type Activities	Totals
Current Assets:			
Cash and Cash Equivalents	\$ 6,524,335	\$ 881,445	\$ 7,405,780
Boyd/Greenup Riverport Authority Receivable	10,000		10,000
Total Current Assets	6,534,335	881,445	7,415,780
Noncurrent Assets:			
Boyd/Greenup Riverport Authority Receivable	460,000		460,000
Debt Issue and Discount	154,074	249,171	403,245
Capital Assets - Net of Accumulated Depreciation:			
Land and Land Improvements	4,232,081	230,074	4,462,155
Construction in Progress	15,066,358		15,066,358
Buildings and Building Improvements	7,731,044	8,539	7,739,583
Transmission Lines, Vehicles and Equipment	1,531,593	16,201,587	17,733,180
Infrastructure	7,248,966		7,248,966
Total Noncurrent Assets	36,424,116	16,689,371	53,113,487
Total Assets	42,958,451	17,570,816	60,529,267
LIABILITIES			
Current Liabilities:			
Due to Sanitation District No. 1		50,794	50,794
Financing Obligations	110,000	310,000	420,000
Bonds Payable	1,070,000	70,000	1,140,000
Total Current Liabilities	1,180,000	430,794	1,610,794
Noncurrent Liabilities:			
Financing Obligations	4,757,918	13,105,000	17,862,918
Bonds Payable	22,585,000	3,860,000	26,445,000
Total Noncurrent Liabilities	27,342,918	16,965,000	44,307,918
Total Liabilities	28,522,918	17,395,794	45,918,712
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,901,198	(706,423)	7,194,775
Restricted for:			
Debt Service		828,077	828,077
Construction		868	868
Unrestricted	6,534,335	52,500	6,586,835
Total Net Assets	\$ 14,435,533	\$ 175,022	\$ 14,610,555

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2009

BOYD COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 7,296,363	\$ 743,690	\$ 512,366	\$ 1,441,565
Protection to Persons and Property	3,011,872	1,302,619		
Social Services	20,919			
General Health and Sanitation	482,593	143,047		
Recreation and Culture	1,082,806			
Roads	2,623,810	33,940	695,882	917,125
Debt Service	2,591,282			
Total Governmental Activities	17,109,645	2,223,296	1,208,248	2,358,690
Business-type Activities:				
Sewer Fund	3,683,906	1,427,670		
Jail Canteen Fund	234,471	210,725		
Total Business-type Activities	3,918,377	1,638,395		
Totals	\$ 21,028,022	\$ 3,861,691	\$ 1,208,248	\$ 2,358,690

Taxes:

Real Property Taxes
Personal Property Taxes
Motor Vehicle Taxes
Occupational Taxes
Net Profits Tax
Tourist Tax
E-911 Tariff
Other Taxes

Excess Fees
Sheriff Fee Pooling
Licenses and Permits
Rental Revenue
Insurance Reimbursement
Telephone Commissions
Interest
Surplus Sales
Miscellaneous Revenues
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

BOYD COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2009
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Totals
\$ (4,598,742)	\$	\$ (4,598,742)
(1,709,253)		(1,709,253)
(20,919)		(20,919)
(339,546)		(339,546)
(1,082,806)		(1,082,806)
(976,863)		(976,863)
(2,591,282)		(2,591,282)
(11,319,411)		(11,319,411)
	(2,256,236)	(2,256,236)
	(23,746)	(23,746)
	(2,279,982)	(2,279,982)
(11,319,411)	(2,279,982)	(13,599,393)
3,239,585		3,239,585
50,873		50,873
329,201		329,201
3,909,929		3,909,929
2,152,239		2,152,239
360,772		360,772
1,161,011		1,161,011
777,224		777,224
320,500		320,500
1,366,893		1,366,893
3,375		3,375
428,465		428,465
490,135		490,135
95,127		95,127
464,021	102,603	566,624
664,169		664,169
166,621		166,621
(1,463,986)	1,463,986	
14,516,154	1,566,589	16,082,743
3,196,743	(713,393)	2,483,350
11,238,790	888,415	12,127,205
\$ 14,435,533	\$ 175,022	\$ 14,610,555

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2009

BOYD COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2009

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund	Revolving Loan Fund
ASSETS					
Cash and Cash Equivalents	\$ 1,394,668	\$ 74,123	\$ 107,298	\$ 225,607	\$ 617,658
Total Assets	<u>1,394,668</u>	<u>74,123</u>	<u>107,298</u>	<u>225,607</u>	<u>617,658</u>
FUND BALANCES					
Reserved for:					
Construction					
Encumbrances	18,362	1,251	15,937		
Unreserved:					
General Fund	1,376,306				
Special Revenue Fund		72,872	91,361	225,607	617,658
Total Fund Balances	<u>\$ 1,394,668</u>	<u>\$ 74,123</u>	<u>\$ 107,298</u>	<u>\$ 225,607</u>	<u>\$ 617,658</u>

**Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Assets:**

Total Fund Balances	\$ 6,524,335
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used In Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported In The Funds	41,404,276
Accumulated Depreciation	(5,594,234)
Debt Issue Costs Incurred In Governmental Activities Are Expensed At The Fund Level,	
While Amortized Over The Life Of The Debt At The Government-Wide Level	154,074
Loans To, And Payments On Behalf Of Other Governmental Agencies Are Expensed At	
The Fund Level While Reflected As Receivable From The Outside Agency At The	
Government Wide Level.	470,000
Short-term And Long-term Debt Is Not Due And Payable In The Current Period And,	
Therefore, Is Not Reported In The Funds:	
Bonded Debt	(23,655,000)
Financing Obligations - Current	(110,000)
Financing Obligations - Long Term Portion	<u>(4,757,918)</u>
Net Assets Of Governmental Activities	<u>\$ 14,435,533</u>

The accompanying notes are an integral part of the financial statements.

BOYD COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2009
(Continued)

Capital Projects Corporation Fund	County Emergency Fund	Total Governmental Funds
<u>\$ 3,332,640</u>	<u>\$ 772,341</u>	<u>\$ 6,524,335</u>
<u>3,332,640</u>	<u>772,341</u>	<u>6,524,335</u>
3,332,640		3,332,640
		35,550
		1,376,306
	<u>772,341</u>	<u>1,779,839</u>
<u>\$ 3,332,640</u>	<u>\$ 772,341</u>	<u>\$ 6,524,335</u>

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

BOYD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>LGEA Fund</u>
REVENUES				
Taxes	\$ 12,724,324	\$	\$	\$
Excess Fees	320,500			
Licenses and Permits	3,375			
Intergovernmental	2,249,144	1,130,394	1,031,210	482,613
Charges for Services	105,298	33,940	271,409	
Miscellaneous	1,316,602	34,861	161,097	21
Interest	33,323	1,631	10,005	1,090
Total Revenues	<u>16,752,566</u>	<u>1,200,826</u>	<u>1,473,721</u>	<u>483,724</u>
EXPENDITURES				
General Government	4,005,763			
Protection to Persons and Property	1,322,272		2,077,532	
Social Services				20,919
General Health and Sanitation	480,642			
Recreation and Culture	1,144,166			
Roads		3,619,140		604,903
Debt Service		3,932	235,751	202,951
Capital Projects				
Administration	3,142,500	485,424	423,331	
Total Expenditures	<u>10,095,343</u>	<u>4,108,496</u>	<u>2,736,614</u>	<u>828,773</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>6,657,223</u>	<u>(2,907,670)</u>	<u>(1,262,893)</u>	<u>(345,049)</u>
Other Financing Sources (Uses)				
Capital Lease Proceeds				207,918
Proceeds From Sale of Assets Held for Resale				180,932
Transfers From Other Funds	228,503	2,952,650	2,092,103	75,000
Transfers To Other Funds	(6,830,562)	(206,907)	(405,001)	
Total Other Financing Sources (Uses)	<u>(6,602,059)</u>	<u>2,745,743</u>	<u>1,687,102</u>	<u>463,850</u>
Net Change in Fund Balances	55,164	(161,927)	424,209	118,801
Fund Balances - Beginning (Restated)	1,339,504	236,050	(316,911)	106,806
Fund Balances - Ending	<u>\$ 1,394,668</u>	<u>\$ 74,123</u>	<u>\$ 107,298</u>	<u>\$ 225,607</u>

The accompanying notes are an integral part of the financial statements.

BOYD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2009
(Continued)

Revolving Loan Fund	Capital Projects Corporation Fund	County Emergency Fund	Total Governmental Funds
\$	\$	\$	\$ 12,724,324
			320,500
			3,375
	1,441,565		6,334,926
			410,647
			1,512,581
5,608	408,052	4,312	464,021
5,608	1,849,617	4,312	21,770,374
			4,005,763
600			3,400,404
			20,919
			480,642
			1,144,166
			4,224,043
	2,141,079		2,583,713
	8,009,463		8,009,463
			4,051,255
600	10,150,542		27,920,368
5,008	(8,300,925)	4,312	(6,149,994)
			207,918
			180,932
	659,618	194,038	6,201,912
	(223,428)		(7,665,898)
	436,190	194,038	(1,075,136)
5,008	(7,864,735)	198,350	(7,225,130)
612,650	11,197,375	573,991	13,749,465
\$ 617,658	\$ 3,332,640	\$ 772,341	\$ 6,524,335

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

BOYD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

Net Change In Fund Balances - Total Governmental Funds	\$ (7,225,130)
Governmental Funds Report Capital Outlays As Expenditures. However, In The Statement Of Activities The Cost Of Those Assets Are Allocated Over Their Estimated Useful Lives And Reported As Depreciation Expense.	
Capital Outlay	10,686,753
Disposal Of Assets (net)	(26,000)
Depreciation Expense	(1,158,393)
Governmental Entities Report Loans Made To And Payments Received From Other Entities As Revenues And Expenditures, However In The Statement Of Activities Those Amounts Are Not Recorded Because They Are A Reduction Of Corresponding Assets And Liabilities.	
Notes Receivable	(10,000)
Debt Proceeds Are Current Financial Resources To Governmental Funds While Lease And Bond Principal Payments Are Expensed In The Governmental Funds As A Use Of Current Financial Resources. These Transactions, However, Have No Effect On Net Assets.	
Financing Obligation Proceeds	(207,918)
Amortization Expense	(7,569)
Lease And Bond Principal Payments Are Expensed In The Governmental Funds As A Use Of Current Financial Resources.	
Bond Principal Payments	1,040,000
Financing Obligation Principal Payments	105,000
Change In Net Assets Of Governmental Activities	<u>\$ 3,196,743</u>

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

June 30, 2009

BOYD COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

June 30, 2009

	Business-Type Activities		
	Enterprise Funds		
	Sewer Fund	Jail Canteen Fund	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 829,448	\$ 51,997	\$ 881,445
Total Current Assets	<u>829,448</u>	<u>51,997</u>	<u>881,445</u>
Noncurrent Assets:			
Debt Issue Costs	249,171		249,171
Capital Assets:			
Buildings	16,263		16,263
Transmission Lines and Equipment	26,770,758	23,539	26,794,297
Land Rights of Way and Related Costs	230,074		230,074
Less: Accumulated Depreciation	<u>(10,591,018)</u>	<u>(9,416)</u>	<u>(10,600,434)</u>
Total Noncurrent Assets	<u>16,675,248</u>	<u>14,123</u>	<u>16,689,371</u>
Total Assets	<u>17,504,696</u>	<u>66,120</u>	<u>17,570,816</u>
Liabilities			
Current Liabilities:			
Due to Sanitation District No. 1	50,794		50,794
Financing Obligations	310,000		310,000
Bonds Payable	<u>70,000</u>		<u>70,000</u>
Total Current Liabilities	<u>430,794</u>		<u>430,794</u>
Noncurrent Liabilities:			
Financing Obligations	13,105,000		13,105,000
Bonds Payable	<u>3,860,000</u>		<u>3,860,000</u>
Total Noncurrent Liabilities	<u>16,965,000</u>		<u>16,965,000</u>
Total Liabilities	<u>17,395,794</u>		<u>17,395,794</u>
Net Assets			
Invested in Capital Assets,			
Net of Related Debt	(720,546)	14,123	(706,423)
Restricted for:			
Debt Service	828,077		828,077
Construction	868		868
Unrestricted	<u>503</u>	<u>51,997</u>	<u>52,500</u>
Total Net Assets	<u>\$ 108,902</u>	<u>\$ 66,120</u>	<u>\$ 175,022</u>

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

BOYD COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Jail Canteen Fund</u>	<u>Totals</u>
Operating Revenues			
Charges For Services	\$ 1,364,525	\$	\$ 1,364,525
Construction Grants	47,983		47,983
Miscellaneous	15,162		15,162
Canteen Receipts		210,725	210,725
Total Operating Revenues	<u>1,427,670</u>	<u>210,725</u>	<u>1,638,395</u>
Operating Expenses			
Cost Of Sales		134,756	134,756
Sewage Treatment Cost	799,064		799,064
Salaries And Related Costs	265,837	4,500	270,337
Operations And Maintenance	275,734		275,734
Sales Tax		7,892	7,892
Medical		6,051	6,051
Amortization	10,632		10,632
Miscellaneous	63,905	76,564	140,469
Depreciation	1,357,842	4,708	1,362,550
Total Operating Expenses	<u>2,773,014</u>	<u>234,471</u>	<u>3,007,485</u>
Operating Income (Loss)	<u>(1,345,344)</u>	<u>(23,746)</u>	<u>(1,369,090)</u>
Nonoperating Revenues (Expenses)			
Interest Income	101,830	773	102,603
Security Deposit Refunds	(4,690)		(4,690)
Debt Service:			
Interest Expense	<u>(906,202)</u>		<u>(906,202)</u>
Total Nonoperating Revenues (Expenses)	<u>(809,062)</u>	<u>773</u>	<u>(808,289)</u>
Income (Loss) Before Contributions And Transfers	<u>(2,154,406)</u>	<u>(22,973)</u>	<u>(2,177,379)</u>
Transfers Out	(17,732)		(17,732)
Transfers In	1,481,718		1,481,718
Total Contributions And Transfers	<u>1,463,986</u>		<u>1,463,986</u>
Change In Net Assets	(690,420)	(22,973)	(713,393)
Total Net Assets - Beginning (Restated)	799,322	89,093	888,415
Total Net Assets - Ending	<u>\$ 108,902</u>	<u>\$ 66,120</u>	<u>\$ 175,022</u>

The accompanying notes are an integral part of the financial statements.

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BOYD COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

BOYD COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

	Business-Type Activities		
	Enterprise Funds		
	Sewer Fund	Jail Canteen Fund	Totals
Cash Flows From Operating Activities			
Receipts From Customers	\$ 1,364,525	\$ 210,725	\$ 1,575,250
Construction Grants	47,983		47,983
Payments To Suppliers	(799,064)	(134,756)	(933,820)
Personnel Costs	(265,837)	(4,500)	(270,337)
Operations And Maintenance	(275,734)		(275,734)
Sales Tax		(7,892)	(7,892)
Medical		(6,051)	(6,051)
Miscellaneous	(48,743)	(76,564)	(125,307)
Net Cash Provided (Used) By Operating Activities	23,130	(19,038)	4,092
Cash Flows From Noncapital Financing Activities			
Operating Subsidies And Transfers From Other Funds			
Transfers From Other Funds	1,481,718		1,481,718
Transfers To Other Funds	(17,732)		(17,732)
Security Deposit Refunds	(4,690)		(4,690)
Net Cash Provided By Noncapital Financing Activities	1,459,296		1,459,296
Cash Flows From Capital And Related Financing Activities			
Construction And Purchase Of Capital Assets	(860,065)		(860,065)
Principal Paid On Capital Debt	(365,000)		(365,000)
Interest Paid On Capital Debt	(906,202)		(906,202)
Net Cash (Used) By Capital and Related Financing Activities	(2,131,267)		(2,131,267)
Cash Flows From Investing Activities			
Interest Earned	101,830	773	102,603
Net Cash Provided By Investing Activities	101,830	773	102,603
Net Increase (Decrease) In Cash And Cash Equivalents	(547,011)	(18,265)	(565,276)
Cash and Cash Equivalents - July 1, 2008 (Restated)	1,376,459	70,262	1,446,721
Cash and Cash Equivalents - June 30, 2009	\$ 829,448	\$ 51,997	\$ 881,445

The accompanying notes are an integral part of the financial statements.

BOYD COUNTY
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2009
(Continued)

	Business-Type Activities		
	Enterprise Funds		
Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities	Sewer Fund	Jail Canteen Fund	Totals
Operating Income (Loss)	\$ (1,345,344)	\$ (23,746)	\$ (1,369,090)
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities			
Amortization	10,632		10,632
Depreciation Expense	1,357,842	4,708	1,362,550
Total Cash Provided (Used) By Operating Activities	<u>\$ 23,130</u>	<u>\$ (19,038)</u>	<u>\$ 4,092</u>

The accompanying notes are an integral part of the financial statements.

BOYD COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

BOYD COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

	<u>Agency Fund</u>
	<u>Inmate Account</u>
Assets	
Current Assets:	
Cash And Cash Equivalents	\$ 1,425
Total Assets	<u>1,425</u>
Liabilities	
Amounts Held In Custody For Others	<u>1,425</u>
Total Liabilities	<u>\$ 1,425</u>

The accompanying notes are an integral part of the financial statements.

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TO FINANCIAL STATEMENTS**

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BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on the Balance Sheet-Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet-Governmental Funds as part of the fund balance (Reserved for Encumbrances), if applicable.

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and their corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Boyd County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government.

Blended Component Unit

Boyd County Capital Projects Corporation

The Boyd County Capital Projects Corporation (BCCPC) is a legally separate entity established to provide long-term debt service for the Fiscal Court. The BCCPC's governing body consists entirely of Fiscal Court members. Therefore management must include the BCCPC as a component unit, and the BCCPC's financial activity has been blended with that of the Fiscal Court.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Jointly Governed Organization

A jointly governed organization is an entity that results from a multi-governmental arrangement that is governed by representatives from each participating government. The entity provides services to the citizens of each participating government, but there is no ongoing financial interest or responsibility by the participating governments. The jointly governed organization can act independently of each of the participating governments. The Northeast Kentucky Regional Industrial Park Authority meets the criteria noted above and is disclosed as an organization jointly governed by the Kentucky counties of Boyd, Carter, Elliott, Greenup and Lawrence. The Boyd/Greenup Riverport Authority also meets the criteria noted above and is disclosed as an organization jointly governed by the Kentucky counties of Boyd and Greenup. In addition, the 911 Board (Regional Public Safety Communication Center) and the Airport Board meet the above criteria. The 911 Board is jointly governed by Boyd County and the cities of Ashland and Catlettsburg. The Airport Board is jointly governed by Boyd County and the city of Ashland. Separately issued financial statements can be obtained from the respective authorities.

C. Boyd County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Boyd County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities, and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Boyd County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and other unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as a major fund.

Governmental Funds

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction, repair, and maintenance. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Road Fund also receives transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these revenues and expenditures separately from the General Fund.

Jail Fund - This fund's primary purpose is to account for jail operating revenues and expenses. The primary source of revenue for this fund is reimbursements from the state and federal governments and other counties for housing prisoners. The fund also receives transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Local Government Economic Assistance Fund - These funds may be spent for public safety, environmental protection, public transportation, health, recreation, libraries, social services, as well as industrial and economic development. In no event shall these funds be used for expenses relating to administration of government. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Revolving Loan Fund - This fund is used to account for resources employed for economic development and stimulation of the local economy through capital outlay and other programs.

Capital Projects Corporation Fund - This fund accounts for the financing and construction of major capital facilities other than those financed by the Proprietary Funds. This fund is involved with the jail expansion project, the road department building project, the jail/pedway project, and the new justice center project.

County Emergency Fund - This fund is used to account for funds set aside by the fiscal court for unforeseen emergencies.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Revolving Loan Fund, Community Development Block Grant Fund and County Emergency Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Debt Service Funds:

The Boyd County Capital Projects Corporation Fund also serves as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Funds

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for services of the Sewer Fund and sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, certain debt amortizations, and depreciation on capital assets.

The primary government reports the following major proprietary funds:

Sewer Fund - This fund accounts for the operations of the county's wastewater collection system. User fees are charged to customers connected to the system with sewage treatment provided by the City of Ashland.

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

Fiduciary Funds

Inmate Account - This fund is used to account for assets held by the county as an agent for others. The county's responsibility is custodial in nature, i.e. to hold these assets and remit them on behalf of others.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Capital Assets

Capital assets, which include land, land improvements, buildings and building improvements, vehicles and equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50
Transmission Lines	\$ 5,000	20

G. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

I. Budgetary Information

Generally, and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following assessment, and subject to lien and sale on April 30 following the delinquency date.

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Note 2. Deposits

The primary government and component unit maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) in accordance with KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk but, rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 3. Receivables

Boyd/Greenup Riverport Authority Lease Receivable

On January 12, 2006, Boyd County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program (KACo) on behalf of the Boyd/Greenup Riverport Authority (Riverport Authority). Lease proceeds of \$500,000 were paid directly to the Riverport Authority. The Riverport Authority makes scheduled lease payments directly to KACo. A receivable due from the Riverport Authority in the amount of the lease principal outstanding is included on the financial statements. The repayment schedule for the Riverport Authority is identical to the repayment schedule for the lease. As of June 30, 2009, the amount receivable was \$470,000. The amount receivable corresponds to the KACo Lease - Boyd/Greenup Riverport Authority outstanding as of June 30, 2009. (See Note 6. C).

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 4,252,081	\$	\$ (20,000)	\$ 4,232,081
Construction in Progress	7,056,895	8,009,463		15,066,358
Total Capital Assets Not Being Depreciated	11,308,976	8,009,463	(20,000)	19,298,439
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	10,289,799		(38,000)	10,251,799
Vehicles and Equipment	1,893,222	1,197,641	(48,390)	3,042,473
Infrastructure	7,331,916	1,479,649		8,811,565
Total Capital Assets Being Depreciated	19,514,937	2,677,290	(86,390)	22,105,837
Less Accumulated Depreciation For:				
Buildings and Building Improvements	(2,315,793)	(236,962)	32,000	(2,520,755)
Vehicles and Equipment	(1,078,417)	(480,853)	48,390	(1,510,880)
Infrastructure	(1,122,021)	(440,578)		(1,562,599)
Total Accumulated Depreciation	(4,516,231)	(1,158,393)	80,390	(5,594,234)
Total Capital Assets, Being Depreciated, Net	14,998,706	1,518,897	(6,000)	16,511,603
Governmental Activities Capital Assets, Net	\$ 26,307,682	\$ 9,528,360	\$ (26,000)	\$ 35,810,042

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 4. Capital Assets (Continued)

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental Activities:

General Government	\$ 151,072
Protection to Persons and Property	246,596
General Health and Sanitation	1,951
Recreation and Culture	41,263
Roads	<u>717,511</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,158,393</u>

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 230,074	\$	\$	\$ 230,074
Total Capital Assets Not Being Depreciated	230,074			230,074
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	16,263			16,263
Transmission Lines, Equipment, and Vehicles	25,934,232	860,065		26,794,297
Total Capital Assets Being Depreciated	25,950,495	860,065		26,810,560
Less Accumulated Depreciation For:				
Buildings and Building Improvements	(6,911)	(813)		(7,724)
Transmission Lines, Equipment, and Vehicles	(9,230,973)	(1,361,737)		(10,592,710)
Total Accumulated Depreciation	(9,237,884)	(1,362,550)		(10,600,434)
Total Capital Assets, Being Depreciated, Net	16,712,611	(502,485)		16,210,126
Business - Type Activities Capital Assets, Net	\$ 16,942,685	\$ (502,485)	\$	\$ 16,440,200

Depreciation expense was charged to functions of the business-type activities as follows:

Business-Type Activities

Protection to Persons and Property	\$ 4,708
General Health and Sanitation	<u>1,357,842</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,362,550</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 5. Short-term Debt

Governmental Activities

A. Financing Obligation - Trucks

On October 29, 2007, Boyd County borrowed \$198,826 under a financing obligation agreement with the Kentucky Association of Counties Leasing Trust (KACo) to finance the purchase of two trucks for the road department. The agreement carried an interest rate of 4.40% and had a maturity date of November 20, 2008.

B. Changes in Short-term Debt

Short-term debt activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Financing Obligations Payable	\$ 198,826	\$	\$ 198,826	\$	\$

Note 6. Long-term Debt

Governmental Activities

A. KADD Financing Obligation - County Detention Center

On May 16, 2002, Boyd County entered into a financing obligation agreement with the Kentucky Area Development District Financing Trust (KADD) to finance the expansion of the county detention center. The agreement was for \$500,000 at an average interest rate of 5.04%. The agreement has a term of 20 years with a maturity date of May 20, 2022. Payments are due semi-annually on May 20th and November 20th of each year. The amount outstanding under this agreement was \$375,000 at June 30, 2009. Payments for the remaining years are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2010	\$ 20,000	\$ 18,950
2011	20,000	18,050
2012	25,000	17,150
2013	25,000	16,026
2014	25,000	14,776
2015-2019	150,000	53,540
2020-2022	110,000	11,918
	<u>\$ 375,000</u>	<u>\$ 150,410</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

Governmental Activities (Continued)

B. KADD Financing Obligation - County Detention Center

On June 20, 2002, Boyd County entered into a financing obligation agreement with KADD for additional financing for the detention center project. The agreement was for \$2,165,000 at an average interest rate of 5.25%. The agreement has a term of 30 years with a maturity date of November 20, 2032. Payments are due semi-annually on May 20th and November 20th of each year. The amount outstanding under this agreement was \$1,935,000 at June 30, 2009. Payments for the remaining years are as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 45,000	\$ 99,806
2011	45,000	97,937
2012	45,000	96,038
2013	50,000	93,995
2014	50,000	91,770
2015-2019	300,000	418,889
2020-2024	385,000	331,453
2025-2029	500,000	214,421
2030-2033	515,000	60,182
	<u>\$ 1,935,000</u>	<u>\$ 1,504,491</u>

C. KACo Financing Obligation - Boyd/Greenup Riverport Authority

On January 12, 2006, Boyd County entered into a financing obligation agreement with KACo on behalf of the Boyd/Greenup Riverport Authority. The agreement was for \$500,000 at an average interest rate of 4.25%. The agreement has a term of 28 years with a maturity date of January 20, 2034. Interest payments are due monthly with one principal payment due on January 20th of each year. The amount outstanding under this agreement was \$470,000 at June 30, 2009. Payments for the remaining years are as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 10,000	\$ 18,310
2011	10,000	18,642
2012	10,000	18,253
2013	10,000	17,838
2014	10,000	17,432
2015-2019	65,000	79,889
2020-2024	85,000	64,267
2025-2029	115,000	43,495
2030-2034	155,000	14,682
	<u>\$ 470,000</u>	<u>\$ 292,808</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

Governmental Activities (Continued)

D. General Obligation Bonds - Series 2004

On May 28, 2004, the Boyd County Capital Projects Corporation issued general obligation refunding and improvement bonds, series 2004 in the amount of \$3,755,000. The proceeds of this issue were used to finance various projects including the detention center, vehicle maintenance, and transportation facility projects. The bonds were issued at variable interest rates ranging from 2.0% to 4.7% with a retirement date of March 1, 2024. Annual principal payments are due on March 1st of each year and semi-annual interest payments are due on March 1st and September 1st of each year. The outstanding bond principal at June 30, 2009 was \$2,135,000. Bond payments for the remaining years are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 345,000	\$ 80,018
2011	350,000	69,668
2012	370,000	58,468
2013	70,000	45,980
2014	75,000	43,356
2015-2019	420,000	169,730
2020-2024	<u>505,000</u>	<u>72,996</u>
	<u>\$ 2,135,000</u>	<u>\$ 540,216</u>

E. General Obligation Bonds - Series 2005

On March 1, 2005, the Boyd County Capital Projects Corporation issued general obligation public project improvement bonds, series 2005 in the amount of \$3,500,000. The proceeds of this issue were used to finance the completion of the detention center and transportation facilities projects. The bonds were issued with an average interest rate of 5.0% with a retirement date of March 1, 2035. Annual principal payments are due on March 1st of each year and semi-annual interest payments are due on March 1st and September 1st of each year. The outstanding bond principal at June 30, 2009 was \$3,300,000. Bond payments for the remaining years are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 70,000	\$ 162,865
2011	75,000	160,065
2012	80,000	157,066
2013	80,000	153,546
2014	85,000	150,026
2015-2019	465,000	686,768
2020-2024	580,000	561,126
2025-2029	725,000	401,880
2030-2034	925,000	201,286
2035	<u>215,000</u>	<u>10,966</u>
	<u>\$ 3,300,000</u>	<u>\$ 2,645,594</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

Governmental Activities (Continued)

F. KADD Financing Obligation - County Detention Center

On July 17, 2006, Boyd County entered into a financing obligation agreement with the KADD, for additional financing for the completion of the jail and prisoner pedway project. The agreement was for \$2,000,000 at an average interest rate of 5.05%. The agreement has a term of 30 years with a maturity of May 1, 2036. Payments are due semi-annually on November 1st and May 1st of each year. The amount outstanding under this agreement was \$1,880,000 as of June 30, 2009. Payments for the remaining years are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 35,000	\$ 95,772
2011	35,000	94,180
2012	40,000	92,588
2013	40,000	90,768
2014	40,000	88,948
2015-2019	245,000	412,925
2020-2024	310,000	346,490
2025-2029	395,000	258,668
2030-2034	500,000	145,486
2035-2036	240,000	20,300
	<u>\$ 1,880,000</u>	<u>\$ 1,646,125</u>

G. First Mortgage Revenue Bonds Series 2007-Justice Center

On July 1, 2007, the Boyd County Capital Project Corporation issued first mortgage revenue bonds to provide funding for the construction of the Boyd County Judicial Center. The total bond issue was in the amount of \$18,855,000, with interest rates varying between 4.125% and 4.625%. The interest is payable on February 1 and August 1 of each year, with a principal payment due on August 1 of each year. The final maturity is August 1, 2027. The outstanding principal at June 30, 2009 was \$18,220,000. Debt service requirements are as follows:

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

G. First Mortgage Revenue Bonds Series 2007-Justice Center (Continued)

Fiscal Year Ended June 30,	Principal	Interest
2010	\$ 655,000	\$ 782,459
2011	680,000	754,925
2012	710,000	726,256
2013	735,000	696,453
2014	760,000	665,619
2015-2019	4,285,000	2,916,729
2020-2024	5,265,000	1,790,521
2025-2028	5,130,000	494,611
	<u>\$ 18,220,000</u>	<u>\$ 8,827,573</u>

H. KACo Financing Obligation - Mack Trucks

On December 15, 2008, Boyd County borrowed \$207,918 under a financing obligation agreement with the KACo to finance the purchase of two trucks for the road department. The agreement carries an interest rate of 3.83% and has a maturity date of December 20, 2013. The outstanding principal at June 30, 2009 was \$207,918. Payments for the remaining years are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2010	\$	\$ 7,708
2011	45,000	7,194
2012	50,000	5,422
2013	55,000	3,459
2014	57,918	1,220
	<u>\$ 207,918</u>	<u>\$ 25,003</u>

Business-Type Activities

I. KADD Agreement - Sewer Line Extension

On August 13, 2003, Boyd County entered into a financing obligation agreement with KADD to finance the county's sewer line extension project. The agreement was for \$8,925,000 at an average interest rate of 5.48%. The agreement has a term of 30 years with a maturity date of April 20, 2033. Annual principal payments are due on April 20th of each year and semi-annual interest payments are due on April 20th and October 20th of each year. The outstanding principal at June 30, 2009 was \$7,930,000. Payments for the remaining years are as follows:

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

I. KADD Agreement - Sewer Line Extension (Continued)

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 185,000	\$ 426,945
2011	190,000	419,823
2012	195,000	412,223
2013	205,000	404,228
2014	215,000	395,618
2015-2019	1,230,000	1,817,835
2020-2024	1,580,000	1,457,326
2025-2029	2,045,000	965,595
2030-2033	2,085,000	309,911
	<u>\$ 7,930,000</u>	<u>\$ 6,609,504</u>

J. KADD Agreement - Sewer Line Extension

On August 5, 2004, Boyd County entered into a second financing obligation agreement with KADD for additional financing of the county's sewer line extension project. The agreement was for \$490,000 at an average interest rate of 5.06%. The agreement has a term of 20 years with a maturity date of August 20, 2024. Annual principal payments are due on August 20th of each year and semi-annual interest payments are due on February 20th and August 20th of each year. The outstanding principal at June 30, 2009 was \$430,000. Payments for the remaining years are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 20,000	\$ 22,595
2011	20,000	21,645
2012	20,000	20,695
2013	20,000	19,746
2014	20,000	18,796
2015-2019	130,000	75,387
2020-2024	160,000	36,404
2025	40,000	1,310
	<u>\$ 430,000</u>	<u>\$ 216,578</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

Business-Type Activities (Continued)

K. KADD Agreement - Sewer Line Extension

On May 12, 2005, Boyd County entered into a third financing obligation agreement with KADD for additional financing of the county's sewer line extension project. The agreement was for \$5,000,000 at an average interest rate of 5.15%. The agreement has a term of 30 years with a maturity date of June 1, 2035. Annual principal payments are due on June 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The outstanding principal at June 30, 2009 was \$4,730,000. Payments for the remaining years are as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 95,000	\$ 242,075
2011	100,000	238,133
2012	105,000	233,983
2013	110,000	229,522
2014	115,000	224,626
2015-2019	650,000	1,037,288
2020-2024	825,000	856,762
2025-2029	1,055,000	621,088
2030-2034	1,360,000	312,024
2035	315,000	17,448
	<u>\$ 4,730,000</u>	<u>\$ 4,012,949</u>

L. KADD Agreement - Sewer Line Extension

On June 10, 2005, Boyd County entered into a fourth financing obligation agreement with KADD for additional financing of the county's sewer line extension project. This agreement also refinanced an existing KADD agreement from 1997. The agreement was for \$365,000 at an average interest rate of 5.24%. The agreement has a term of 23 years with a maturity date of June 1, 2028. Annual principal payments are due on June 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The outstanding principal at June 30, 2009 was \$325,000. Payments for the remaining years are as follows:

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

L. KADD Agreement - Sewer Line Extension (Continued)

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 10,000	\$ 17,448
2011	10,000	16,993
2012	10,000	16,537
2013	10,000	16,083
2014	10,000	15,628
2015-2019	75,000	68,313
2020-2024	95,000	46,732
2025-2028	105,000	16,549
	<u>\$ 325,000</u>	<u>\$ 214,283</u>

M. General Obligation Bonds - Series 2006

On December 29, 2006, the Boyd County Capital Projects Corporation issued general obligation public improvement bonds, series 2006 in the amount of \$4,000,000. The proceeds of this issue were used to finance the costs of the acquisition, construction, installation and equipping of improvements to the county sewer system. The bonds were issued with an average interest rate of 4.5% with a retirement date of December 1, 2036. Annual principal payments are due on December 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The outstanding bond principal at June 30, 2009 was \$3,930,000. Bond payments for the remaining years are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 70,000	\$ 183,791
2011	75,000	180,926
2012	75,000	177,888
2013	80,000	174,710
2014	85,000	171,285
2015-2019	475,000	798,770
2020-2024	605,000	677,582
2025-2029	770,000	515,642
2030-2034	980,000	306,281
2035-2037	715,000	56,777
	<u>\$ 3,930,000</u>	<u>\$ 3,243,652</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 6. Long-term Debt (Continued)

N. Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Financing Obligations	\$ 4,765,000	\$ 207,918	\$ 105,000	\$ 4,867,918	\$ 110,000
General Obligation Bonds	24,695,000		1,040,000	23,655,000	1,070,000
Governmental Activities Long-term Liabilities	<u>\$ 29,460,000</u>	<u>\$ 207,918</u>	<u>\$ 1,145,000</u>	<u>\$ 28,522,918</u>	<u>\$ 1,180,000</u>
<u>Business-Type Activities:</u>					
Financing Obligation	\$ 13,710,000	\$	\$ 295,000	\$ 13,415,000	\$ 310,000
General Obligation Bonds	4,000,000		70,000	3,930,000	70,000
Business-Type Activities Long-term Liabilities	<u>\$ 17,710,000</u>	<u>\$</u>	<u>\$ 365,000</u>	<u>\$ 17,345,000</u>	<u>\$ 380,000</u>

O. Debt Service - Statement of Activities

Debt service on the Statement of Activities includes \$1,239,887 in interest relating to governmental activities and includes \$7,569 of amortization expense for bond discount and issue costs. Interest incurred relating to business type activities totaled \$916,864 and this also includes amortization expense on bond discount and issuance cost of \$10,632.

Note 7. Interfund Transfers

Interfund transfers for the year ended June 30, 2009 are comprised of the following:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
General Fund	\$ 228,503	\$ 6,830,562	\$ (6,602,059)
Road Fund	2,952,650	206,907	2,745,743
Jail Fund	2,092,103	405,001	1,687,102
LGEA	75,000		75,000
Capital Projects	659,618	223,428	436,190
Emergency Fund	194,038		194,038
Total Governmental Activities	<u>\$ 6,201,912</u>	<u>\$ 7,665,898</u>	<u>\$ (1,463,986)</u>
<u>Business-Type Activities</u>			
Sewer Fund	<u>\$ 1,481,718</u>	<u>\$ 17,732</u>	<u>\$ 1,463,986</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 8. Employee Retirement System

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent.

The county's contribution for FY 2007 was \$581,070, FY 2008 was \$806,331, and FY 2009 was \$770,545.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 9. Insurance

For the fiscal year ended June 30, 2009, Boyd County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 10. Ivy Creek Road Escrow Account

On January 16, 2008, the citizens of Ivy Creek presented the fiscal court a check for \$31,300 as their share for paving the Ivy Creek Road. The money was placed in an interest bearing escrow account and will be used by the county when they determine there are enough homes on the road to make the paving project feasible.

Note 11. Annexation of Boyd County Sanitary Sewer System

On April 1, 2009, Boyd County transferred operations of the rural Boyd County Sanitary Sewer System to Boyd County Sanitation District No. 4 (SD4). SD4 assumed responsibility for customer billings, maintenance, repair, and utilization of the system. Boyd County retained ownership of sewer facilities, property and equipment, and also maintained responsibility for all existing sewer related debt.

A contract, pursuant to the Interlocal Cooperation Act (KRS 65.210 to KRS 65.300), was signed in January 2010, which formally annexed the territorial boundary area of the rural Boyd County Sanitary Sewer System to SD4. The contract transferred all sewer facilities, property and related equipment from Boyd County to SD4, except for those items that are encumbered by debt. Encumbered assets are leased to SD4 at the rate of \$1 per year until such time as the debt secured by such assets is satisfied in full, at which time the assets will also be transferred to SD4.

Note 12. Prior Period Adjustments

The beginning net assets balance for governmental activities of \$11,238,790 includes total adjustments of \$468,375. The adjustment is due to an omitted cash account totaling \$412,132 and prior year voided checks that were voided in the current year totaling \$56,243. In the prior year Boyd County defeased three separate debt agreements and in the process set up three debt service accounts, two of these accounts were included in the prior year fund balances, but one account, set up with the Bank of New York, was not included totaling \$412,132. The beginning net assets balance for proprietary funds has also been restated with adjustments totaling \$39,867 to account for \$6,487 in prior year voided checks in the Sewer Fund, and a \$33,380 adjustment for Jail Canteen Fund funds that were misclassified as Inmate Funds in the prior year.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Note 12. Prior Period Adjustments (Continued)

	Ending Balance FYE June 30, 2008	Restatement	Restated FYE June 30, 2008
Governmental Funds:			
General Fund	\$ 1,325,393	\$ 14,111	\$ 1,339,504
Road Fund	201,726	34,324	236,050
Jail Fund	(322,332)	5,421	(316,911)
LGEA Fund	104,849	1,957	106,806
Revolving Loan Fund	612,650		612,650
County Emergency Fund	573,756	235	573,991
Capital Projects Corporation Fund	<u>10,785,048</u>	<u>412,327</u>	<u>11,197,375</u>
	<u><u>\$ 13,281,090</u></u>	<u><u>\$ 468,375</u></u>	<u><u>\$ 13,749,465</u></u>
Proprietary Funds:			
Sewer Fund	\$ 1,369,972	\$ 6,487	\$ 1,376,459
Jail Canteen Fund	<u>36,882</u>	<u>33,380</u>	<u>70,262</u>
	<u><u>\$ 1,406,854</u></u>	<u><u>\$ 39,867</u></u>	<u><u>\$ 1,446,721</u></u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 11,774,614	\$ 12,569,103	\$ 12,724,324	\$ 155,221
Excess Fees	157,772	282,936	320,500	37,564
Licenses and Permits	117,100	117,100	3,375	(113,725)
Intergovernmental Revenue	2,403,528	3,776,052	2,249,144	(1,526,908)
Charges for Services	130,000	130,000	105,298	(24,702)
Miscellaneous	173,800	200,700	1,316,602	1,115,902
Interest	15,000	15,000	33,323	18,323
Total Revenues	14,771,814	17,090,891	16,752,566	(338,325)
EXPENDITURES				
General Government	3,754,970	4,474,005	4,005,763	468,242
Protection to Persons and Property	1,132,340	1,322,174	1,322,272	(98)
General Health and Sanitation	487,811	655,958	480,642	175,316
Recreation and Culture	910,153	1,125,142	1,144,166	(19,024)
Debt Service	85,656	85,656		85,656
Administration	2,046,222	3,243,466	3,142,500	100,966
Total Expenditures	8,417,152	10,906,401	10,095,343	811,058
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	6,354,662	6,184,490	6,657,223	472,733
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			228,503	228,503
Transfers To Other Funds	(7,674,828)	(7,674,828)	(6,830,562)	844,266
Total Other Financing Sources (Uses)	(7,674,828)	(7,674,828)	(6,602,059)	1,072,769
Net Changes in Fund Balances	(1,320,166)	(1,490,338)	55,164	1,545,502
Fund Balances - Beginning (Restated)	1,320,166	1,490,338	1,339,504	(150,834)
Fund Balances - Ending	\$	\$	\$ 1,394,668	\$ 1,394,668

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,366,723	\$ 1,366,723	\$ 1,130,394	\$ (236,329)
Charges For Services	7,000	7,000	33,940	26,940
Miscellaneous	16,000	16,000	34,861	18,861
Interest	3,000	3,000	1,631	(1,369)
Total Revenues	<u>1,392,723</u>	<u>1,392,723</u>	<u>1,200,826</u>	<u>(191,897)</u>
EXPENDITURES				
Roads	4,212,509	4,134,127	3,619,140	514,987
Debt Service	152,777	214,374	3,932	210,442
Administration	572,148	594,287	485,424	108,863
Total Expenditures	<u>4,937,434</u>	<u>4,942,788</u>	<u>4,108,496</u>	<u>834,292</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(3,544,711)</u>	<u>(3,550,065)</u>	<u>(2,907,670)</u>	<u>642,395</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	3,544,711	3,544,711	2,952,650	(592,061)
Transfers To Other Funds			(206,907)	(206,907)
Total Other Financing Sources (Uses)	<u>3,544,711</u>	<u>3,544,711</u>	<u>2,745,743</u>	<u>(798,968)</u>
Net Changes in Fund Balances		(5,354)	(161,927)	(156,573)
Fund Balances - Beginning (Restated)		<u>5,354</u>	<u>236,050</u>	<u>230,696</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 74,123</u>	<u>\$ 74,123</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 1,390,200	\$ 1,390,200	\$ 1,031,210	\$ (358,990)
Charges for Services	117,000	117,000	271,409	154,409
Miscellaneous	110,240	110,240	161,097	50,857
Interest	500	500	10,005	9,505
Total Revenues	<u>1,617,940</u>	<u>1,617,940</u>	<u>1,473,721</u>	<u>(144,219)</u>
EXPENDITURES				
Protection to Persons and Property	2,530,593	2,375,426	2,077,532	297,894
Debt Service	769,918	754,085	235,751	518,334
Administration	785,658	983,186	423,331	559,855
Total Expenditures	<u>4,086,169</u>	<u>4,112,697</u>	<u>2,736,614</u>	<u>1,376,083</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,468,229)</u>	<u>(2,494,757)</u>	<u>(1,262,893)</u>	<u>1,231,864</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	2,468,229	2,468,229	2,092,103	(376,126)
Transfers To Other Funds			(405,001)	(405,001)
Total Other Financing Sources (Uses)	<u>2,468,229</u>	<u>2,468,229</u>	<u>1,687,102</u>	<u>(781,127)</u>
Net Changes in Fund Balances		(26,528)	424,209	450,737
Fund Balances - Beginning (Restated)		<u>26,528</u>	<u>(316,911)</u>	<u>(343,439)</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 107,298</u>	<u>\$ 107,298</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 332,000	\$ 332,000	\$ 482,613	\$ 150,613
Miscellaneous Revenues	185,000	185,000	21	(184,979)
Interest	3,000	3,000	1,090	(1,910)
Total Revenues	520,000	520,000	483,724	(36,276)
EXPENDITURES				
Social Services	21,000	29,500	20,919	8,581
Roads	859,300	847,800	396,985	450,815
Airports	10,000	10,000		10,000
Debt Service		3,000	202,951	(199,951)
Total Expenditures	890,300	890,300	620,855	269,445
Excess (Deficiency) of Revenues				
Over Expenditures Before Other Financing Sources (Uses)	(370,300)	(370,300)	(137,131)	233,169
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets Held for Resale			180,932	180,932
Transfers From Other Funds			75,000	75,000
Total Other Financing Sources (Uses)			255,932	255,932
Net Changes in Fund Balances	(370,300)	(370,300)	118,801	489,101
Fund Balances - Beginning (Restated)	370,300	370,300	106,806	(263,494)
Fund Balances - Ending	\$	\$	\$ 225,607	\$ 225,607

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

	REVOLVING LOAN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 3,000	\$ 3,000	\$ 5,608	\$ 2,608
Total Revenues	3,000	3,000	5,608	2,608
EXPENDITURES				
General Government	490,750	490,750	600	490,150
Total Expenditures	490,750	490,750	600	490,150
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(487,750)	(487,750)	5,008	492,758
Net Changes in Fund Balances	(487,750)	(487,750)	5,008	492,758
Fund Balances - Beginning	487,750	487,750	612,650	124,900
Fund Balances - Ending	\$	\$	\$ 617,658	\$ 617,658

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2009
(Continued)

COUNTY EMERGENCY FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 3,000	\$ 3,000	\$ 4,312	\$ 1,312
Total Revenues	3,000	3,000	4,312	1,312
EXPENDITURES				
General Government	564,131	564,131		564,131
Total Expenditures	564,131	564,131		564,131
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(561,131)	(561,131)	4,312	565,443
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			194,038	194,038
Total Other Financing Sources (Uses)			194,038	194,038
Net Changes in Fund Balances	(561,131)	(561,131)	198,350	759,481
Fund Balances - Beginning (Restated)	561,131	561,131	573,991	12,860
Fund Balances - Ending	\$	\$	\$ 772,341	\$ 772,341

BOYD COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

Note 1. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Note 2. Reconciliation of the Budgetary Comparison Schedules to Statement of Revenues, Expenditures, and Changes in Fund Balance

Local Government Economic Assistance Fund

Total Expenditures - Budgetary Basis	\$ 620,855
Add: Capital Lease Expenditures	<u>207,918</u>
Total Expenditures - Modified Cash Basis	<u><u>\$ 828,773</u></u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 255,932
Add: Capital Lease Proceeds	<u>207,918</u>
Total Other Financing Sources (Uses) - Modified Cash Basis	<u><u>\$ 463,850</u></u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C
LOUISVILLE, KENTUCKY 40243

BUSINESS: (502) 245-0775

FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

The Honorable William C. Stevens, Boyd County Judge/Executive
Members of the Boyd County Fiscal Court

Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Boyd County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 17, 2010. Boyd County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boyd County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boyd County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boyd County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Boyd County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Boyd County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Certified Public Accountants

February 17, 2010

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

BOYD COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2009**

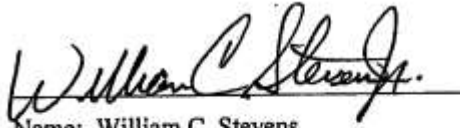
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BOYD COUNTY FISCAL COURT

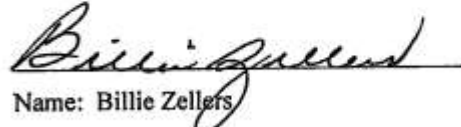
Fiscal Year Ended June 30, 2009

The Boyd County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in black ink, appearing to read "William C. Stevens", written over a horizontal line.

Name: William C. Stevens

County Judge/Executive

A handwritten signature in black ink, appearing to read "Billie Zellers", written over a horizontal line.

Name: Billie Zellers

County Treasurer

